

Commonwealth of Kentucky
Natural Resources and Environmental Protection Cabinet
Department for Environmental Protection
Division for Air Quality
803 Schenkel Lane
Frankfort, Kentucky 40601
(502) 573-3382

Title V
AIR QUALITY PERMIT
Issued under 401 KAR 52:020

Permittee Name: Kentucky Energy Project, LLC
Mailing Address: 308 Main Street, Paintsville, Kentucky 41240

Source Name: Kentucky Energy Project
Mailing Address: 308 Main Street, Paintsville, Kentucky 41240

Source Location: 501 Teays Branch Road, Paintsville, Kentucky 41240

Permit Number: V-03-014
Log Number: 54822
Review Type: Title V/Synthetic Minor/Acid Rain
Source ID #: 21-115-00051
ORIS Code: 55828
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Regional Office Hazard
County: Johnson

Application
Complete Date: March 13, 2003
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John S. Lyons, Director
Division for Air Quality

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SECTION A – PERMIT AUTHORIZATION

Pursuant to a duly submitted application, the Kentucky Division for Air Quality hereby authorizes the operation of the equipment described herein in accordance with the terms and conditions of this permit. This permit has been issued under the provisions of Kentucky Revised Statutes Chapter 224 and regulations promulgated pursuant thereto.

The permittee shall not construct, reconstruct, or modify any affected facilities without first having submitted a complete application and receiving a permit for the planned activity from the permitting authority, except as provided in this permit or in 401 KAR 52:020, Title V Permits.

Issuance of this permit does not relieve the permittee from the responsibility of obtaining any other permits, licenses, or approvals required by this Cabinet or any other federal, state, or local agency.

SECTION B – EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS

Emission Unit 01 (CT1) – Combustion turbine with a heat recovery steam generator (HRSG)

Description:

One (1) General Electric (GE), Frame 7EA, combustion turbine equipped with a heat recovery steam generator (HRSG).

Primary Fuel:	No. 2 fuel oil.
Backup Fuels:	Pipeline natural gas.
Rated Capacity:	1,085 MMBtu/hour (0°F, Base load, LHV).
Power Output:	The plant-wide rated combined cycle output is 105 MW (minimum).
Date Constructed:	2003 (anticipated).
Controls:	Selective Catalytic Reduction (SCR) for NO _x . Oxidation catalyst for CO (with minimal expected VOC and organic HAP control).

APPLICABLE REGULATIONS:

Regulation 401 KAR 60:005, incorporating by reference 40 CFR 60, Subpart GG, Standards of Performance for Stationary Gas Turbines.

Regulation 401 KAR 52:060, incorporating by reference 40 CFR 72-78 of the Acid Rain Program (see Section J of this permit for the Acid Rain permit requirements), applies to the combustion turbine.

Regulation 401 KAR 63:020, Potentially Hazardous material or substance.

NON-APPLICABLE REGULATIONS:

Pursuant to the exemption under 40 CFR 64.2(1)(b)(vi), the Compliance Assurance Monitoring Plan (CAM) requirements under 40 CFR 64 do not apply because this Title V permit, issued under Regulation 401 KAR 52:020, specifies a continuous compliance determination method for the emission limitations or standards of those pollutants with potential pre-control device emissions equal to or greater than 100 tons per year (i.e., nitrogen oxides and carbon monoxide).

Regulation 401 KAR 51:017, Prevention of significant deterioration of air quality, does not apply because the conditions of this permit limit the potential to emit of the stationary source to less than 100 tons per year per pollutant.

1. Operating Limitations:

The combustion turbine shall combust No. 2 fuel oil or pipeline natural gas only.

Compliance Demonstration Method:

See the specific monitoring requirements.

SECTION B – EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)**2. Emission Limitations:**

- a) To preclude 401 KAR 51:017, the nitrogen oxides emission level in the exhaust gas shall not exceed 5 ppm by volume, at 15 percent oxygen, on a dry basis, and based on a thirty day-rolling average, except during periods of startup, shutdown, and malfunction. The ppm level of nitrogen oxides shall be measured with the use of a certified continuous emission monitor (CEM) required by 40 CFR 75.
- b) Pursuant to Regulation 401 KAR 60:005, incorporating 40 CFR 60:332, the nitrogen oxides emission level in the exhaust gas shall not exceed 94 ppm by volume, at 15 percent oxygen, on a dry basis, and based on a three-hour rolling average, except during periods of startup, shutdown, and malfunction. The ppm level of nitrogen oxides shall be measured with the use of a certified continuous emission monitor (CEM) required by 40 CFR 75.
- c) Pursuant to Regulation 401 KAR 60:005, incorporating 40 CFR 60:333, and to preclude 401 KAR 51:017, the sulfur dioxide emission level in the exhaust gas shall not exceed 0.015 percent by volume, at 15 percent oxygen, and on a dry basis, and the fuel combusted shall not exceed 0.8 percent sulfur by weight.
- d) To preclude Regulation 401 KAR 51:017, annual nitrogen oxides emissions shall not exceed 70 tons per year based on a twelve month rolling total.
- e) To preclude Regulation 401 KAR 51:017, annual carbon monoxide emissions shall not exceed 90 tons per year based on a twelve month rolling total.
- f) To preclude Regulation 401 KAR 51:017, annual sulfur dioxide emissions shall not exceed 90 tons per year based on a twelve month rolling total, except as provided in Section D, Subsection 6 of this permit.
- g) The CO, NO_x and SO₂ emissions from the source during start-up and shutdown shall be included in the total emission cap of 95 tons per year as specified in Section D of this permit.

Compliance Demonstration Method:

See the specific monitoring and record keeping requirements below

3. Testing Requirements:

- a) The nitrogen oxides CEM system required by 40 CFR 75 shall be used for measuring nitrogen oxides emissions in lieu of the applicable nitrogen oxides and fuel nitrogen content testing requirements of 40 CFR 60.335 and 40 CFR 60.8.

SECTION B – EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

- b) The monitoring procedures required for fuel sulfur content and the amount of fuel fired by 40 CFR 75 shall be used in lieu of the applicable fuel sulfur testing requirements of 40 CFR 60.335.
- c) The permittee shall use the nitrogen oxides CEM system required by 40 CFR 75 to determine compliance with the nitrogen oxides emissions standards under 40 CFR 60.332.
- d) The permittee shall determine compliance with the sulfur content standard under 40 CFR 60.333 in accordance with 40 CFR 75.
- e) See General Condition G(d)(6).

4. Specific Monitoring Requirements:

- a) Pursuant to Regulation 401 KAR 52:060, Acid Rain, incorporating 40 CFR 75, the permittee shall install, calibrate, maintain, and operate a nitrogen oxides CEM system in accordance with the manufacturer's instructions. The nitrogen oxides CEM system shall be used as the indicator of continuous compliance with the nitrogen oxides emission limits. Excluding startup and shutdown periods, if any 3-hour rolling average exceeds the nitrogen oxides emission limitation, the permittee shall initiate an investigation of the cause of the exceedance and complete necessary control device/process/CEM repairs or other corrective actions as soon as practicable.
- b) The nitrogen oxides CEM system shall be used in lieu of the water-to-fuel monitoring system required in accordance with 40 CFR 334(a) and 40 CFR 60.335(c)(2) for reporting excess emissions in accordance with 40 CFR 60.334(c)(1).
- c) The nitrogen oxides CEM system shall be used in lieu of the requirements under 40 CFR 60.334(b) and 40 CFR 60.335(a) to monitor, determine, compute, and record the nitrogen content of the fuel.
- d) A CEM system for measuring oxygen levels shall be installed, calibrated, maintained, and operated in accordance with the manufacturer's instructions.
- e) The permittee shall comply with all of the monitoring requirements of 40 CFR 75.
- f) The monitoring procedures required for fuel sulfur content by 40 CFR 75 shall be used in lieu of the procedures under 40 CFR 60.334(b) and 40 CFR 60.335(d) to monitor, determine, compute, and record the sulfur content of the fuel.
- g) The permittee shall monitor the type of fuel and fuel consumption each month and hours of operation.

SECTION B – EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

- h) The permittee shall install, calibrate, maintain, and operate a carbon monoxide CEM system in accordance with the manufacturer's instructions and 40 CFR 60.13.
- i) Pursuant to Regulation 401 KAR 60:005 incorporating 40 CFR 60, the following are included as applicable to the nitrogen oxide and carbon monoxide CEM system:
 - 1. Pursuant to 40 CFR 60.13(b), the continuous monitoring systems and monitoring devices shall be installed and operational prior to conducting the initial performance tests. Verification of operational status shall, as a minimum, include completion of the manufacturer's written requirements or recommendations for installation, operation, and calibration of the device(s).
 - 2. Pursuant to 40 CFR 60.13(c), the owner or operator of an emissions unit shall conduct a performance evaluation of the continuous monitoring system during any performance test or within 30 days thereafter, in accordance with the applicable performance specification in 40 CFR 60 Appendix B, for nitrogen oxides or carbon monoxide. Performance evaluations of CEM systems shall be conducted at other times as required.
 - 3. Pursuant to 40 CFR 60.13(d)(1), the owner(s) and operator(s) of all continuous monitoring systems shall perform appropriate calibration checks and zero and span adjustments in accordance with a written procedure at least once daily, in accordance with requirements specified in 40 CFR 60.13(d)(1).
 - 4. Pursuant to 40 CFR 60.13(e), except for system breakdowns, repairs, calibration checks, and zero and span adjustments required under 40 CFR 60.13(d), all continuous monitoring systems shall be in continuous operation and shall meet minimum frequency of operation requirements, which involves one cycle of operation (sampling, analyzing, and data recording) for each successive fifteen (15) minute period.
 - 5. Pursuant to 40 CFR 60.13(f), all continuous monitoring systems or monitoring devices shall be installed such that representative measurements of emissions or process parameters from the emissions unit are obtained. Additional procedures for location of continuous monitoring systems contained in the applicable Performance Specifications of 40 CFR 60 Appendix B shall be used.
 - 6. Pursuant to 40 CFR 60.13(h), for the continuous monitoring systems the owner(s) or operator(s) shall reduce all data to one-hour averages. The one-hour averages shall be computed from four or more data points equally spaced over each one-hour period. Data recorded during periods of continuous monitoring system breakdowns, repairs, calibration checks, and zero and span adjustments shall not be included in the data averages computed. Either an arithmetic or integrated average of all data may be used. All data points recording by the CEM must be used in calculating the average.

SECTION B – EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

The data may be recorded in reduced or non-reduced form (e.g., ppm pollutant and percent oxygen). All excess emissions shall be converted into units of the applicable standard. After conversion into units of the standard, the data may be rounded to the same number of significant digits as used to specify the applicable emission standard.

- j) The continuous monitoring systems and monitoring devices shall be installed and operated (unless otherwise specified) in accordance with 40 CFR 60.13 and/or 40 CFR 75.

5. Specific Recordkeeping Requirements:

- a) Pursuant to Regulation 401 KAR 59:005, Section 3, the owner or operator of the combustion turbine shall maintain a file of all measurements, including continuous monitoring system, monitoring device, and performance testing measurements; all continuous monitoring system performance evaluations; all continuous monitoring system or monitoring device calibration checks; adjustments and maintenance performed on these systems and devices; and all other information required by Regulation 401 KAR 59:005 recorded in a permanent form suitable for inspection.
- b) Records, including those documenting the results of each compliance test and all other records and reports required by this permit, shall be maintained.
- c) Pursuant to Regulation 401 KAR 59:005, Section 3, the owner or operator of the unit shall maintain the records of the occurrence and duration of any startup, shutdown, or malfunction in the operation of the emissions unit, any malfunction of the air pollution control equipment; or any period during which a continuous monitoring system or monitoring device is inoperative.
- d) The permittee shall use the nitrogen oxides CEM data to calculate and record the tons of nitrogen oxides on a monthly basis and a twelve-month rolling total basis.
- e) The permittee shall use the carbon monoxide CEM data to calculate and record the tons of carbon monoxide on a monthly basis and a twelve-month rolling total basis.
- f) The permittee shall use the sulfur dioxide emissions data collected in accordance with 40 CFR 75 to calculate and record the tons of sulfur dioxide on a monthly basis and a twelve-month rolling total basis.

6. Specific Reporting Requirements:

- a) Pursuant to Regulation 401 KAR 59:005, Section 3, minimum data requirements as followed shall be maintained and furnished in the format specified by the Division.

SECTION B – EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

Owners or operators of facilities required to install continuous monitoring systems shall submit for every calendar quarter a written report of excess emissions (as defined in

applicable sections) to the Division. All quarterly reports shall be postmarked by the thirtieth (30th) day following the end of each calendar quarter and shall include the following information:

- 1) The magnitude of the excess emissions computed in accordance with Regulation 401 KAR 59:005, Section 4(8), any conversion factors used, and the date and time of commencement and completion of each time period of excess emissions.
 - 2) Specific identification of each period of excess emissions that occurs during startups, shutdowns, and malfunctions of the emissions unit. The nature and cause of any malfunction (if known), and the corrective action taken or preventive measures adopted.
 - 3) The date and time identifying each period during which a continuous monitoring system was inoperative except for zero and span checks and the nature of the system repairs or adjustments.
 - 4) When no excess emissions have occurred or the continuous monitoring system(s) have not been inoperative, repaired, or adjusted, such information shall be stated in the report.
- b) Pursuant to Regulation 401 KAR 60:005, incorporating 40 CFR 60.334(c), for the reports regarding nitrogen oxides excess emissions (in lieu of those based on the water-to-fuel ratio monitoring), periods of excess emissions are defined as follows: Any three-hour period during which the average nitrogen oxides emission level as measured by the continuous monitoring system falls above the emission limitation specified in Subsection 2(b) for this emission point. These periods of excess emissions shall be reported quarterly.
- c) Pursuant to Regulation 401 KAR 60:005, incorporating 40 CFR 60.334(c), each report of nitrogen oxides excess emissions shall include the average nitrogen oxides emission level from the CEM system.
- d) Pursuant to Regulation 401 KAR 60:005, incorporating 40 CFR 60.334(c), excess emissions of sulfur dioxide are defined as any daily period (or as otherwise required in an approved custom fuel sulfur monitoring plan) during which the sulfur content of the fuel being fired in the combustion turbine exceeds the limitations set forth in Subsection 2 for this emission point. These periods of excess emissions shall be reported quarterly.
- e) Records of tons of NO_x, SO₂ and CO emissions emitted from the source in any consecutive twelve (12) month period shall be reported quarterly to the Division's Hazard Regional Office.

SECTION B – EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

7. Specific Control Equipment Operating Conditions:

- a) The permittee shall operate the Selective Catalytic Reduction (SCR) system during all periods of turbine operation except during startup and shutdown.
- b) The SCR shall be operated and maintained in accordance with written procedures developed and maintained by the permittee.
- c) The SCR shall be operated with a maximum ammonia slip of 10 ppmvd. Permittee must ensure compliance with 401 KAR 63:020, *Potentially Hazardous Matter or Toxic Substances*. Permittee must establish a program for handling, controlling, and using ammonia and shall submit the plan to the Division for approval. The submittal must be made at least ninety (90) days prior to bringing ammonia to the site.
- d) The permittee shall operate the catalytic oxidation system during all periods of turbine operation.

SECTION B – EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

Emission Unit 02 (RP1) – Used oil recycling plant

Description:

Green Oasis used oil-recycling plant equipped with a thermal oxidizer to oxidize organic compounds and provide heat for the recycling process.

Primary Fuel: Process gas.
Backup Fuels: Natural gas and propane.
Rated Capacity: 7,000 gallon per hour of used oil. 20 MMBtu/hr (LHV) thermal oxidizer.
Date Constructed: 2003 (anticipated).
Controls: Thermal oxidizer.

APPLICABLE REGULATIONS:

Regulation 401 KAR 59:015 New Indirect Heat Exchangers constructed after April 9, 1972.

Regulation 401 KAR 63:020, Potentially Hazardous or Toxic Substances.

Regulation 401 KAR 60:005, incorporating by reference 40 CFR 60, Subpart Dc, Standards of Performance for Small Industrial-Commercial-Institutional Steam Generating Units. While applicable to the facility, this regulations contains no applicable emission standards because the thermal oxidizer does not combust coal, oil, or wood.

NON-APPLICABLE REGULATIONS:

Regulation 401 KAR 60:005, incorporating by reference 40 CFR 60, Subpart NNN, Standards of Performance for Volatile Organic Compound (VOC) Emissions from Synthetic Organic Chemical Manufacturing Industry (SOCMI) Distillation Operations, does not apply because the products made in the recycle plant's cracking/distillation unit cannot be sold or used as any of the chemicals listed under 40 CFR 60.667.

Regulation 401 KAR 51:017, Prevention of significant deterioration of air quality, does not apply because the conditions of this permit limit the potential to emit of the stationary source to less than 100 tons per year per pollutant.

SECTION B – EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

1. Operating Limitations:

The oil recycling unit shall be a closed system, and shall not directly emit any gases into the

atmosphere except through the thermal oxidizer. The oil feed shall not include products such as antifreeze and petroleum distillates used as solvents. The permittee shall notify the Division of Air Quality of any oil feed shipments that contains more than any one of the following constituents:

Arsenic	<0.25 ppm
Mercury	<0.10 ppm
Selenium	<0.10 ppm
Sulfur	<700 ppm (0.07%)
Chlorine	<450 ppm

2. Emission Limitations:

- a) Nitrogen oxides emissions shall not exceed 5 pounds per hour, actual heat input for the unit based on a three-hour average, so as to preclude the applicability of 401 KAR 51:017, Prevention of Significant Deterioration.
- b) Carbon monoxide emissions shall not exceed 1 pound per hour, actual heat input for the unit based on a three-hour average, so as to preclude the applicability of PSD401 KAR 51:017, Prevention of Significant Deterioration.
- c) Sulfur dioxide emissions shall not exceed 0.43 pound per hour, actual heat input for the unit based on a three-hour average, so as to preclude the applicability of 401 KAR 51:017, Prevention of Significant Deterioration.
- d) To preclude 40 CFR 63, hydrogen chloride emissions shall not exceed 2.2 pounds per hour.
- e) Pursuant to 401 KAR 59:015, Section 4(1)(b), particulate emissions shall not exceed 0.48 lb/MMBtu on a three-hour average basis.
- f) Pursuant to 401 KAR 59:015, Section 4(2), visible emissions shall not exceed 20% opacity on a six (6) minute average basis.
- g) The NO_x, CO, and SO₂ emissions from the source during start-up and shutdown shall be included in the total emission cap of 95 tons per year as specified in Section D of this permit.

Compliance Demonstration Method: While burning only gaseous fuel, the permittee shall be deemed to be in compliance with the applicable particulate emission standards. The permittee shall keep annual (calendar year) records of the type(s) of fuel burned.

SECTION B – EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

Compliance Demonstration Method: While burning only gaseous fuel, the permittee shall be deemed to be in compliance with the applicable opacity standards. The permittee shall keep annual (calendar year) records of the type(s) of fuel burned. Also see monitoring and record keeping requirements

3. Testing Requirements:

- a) Pursuant to 401 KAR 50:055, Section 2(1)(a) and (2), the permittee shall conduct performance tests for nitrogen oxides, carbon monoxide, sulfur dioxide, and hydrogen chloride to demonstrate compliance with the emission limits established by this permit within sixty (60) days after achieving the maximum production rate at which the facility will be operated, but not later than 180 days after initial start-up.
- b) All oil shipments received must be tested (or an analysis obtained from the vendor) to determine the levels of constituents listed under “operating limitations” above. Each shipment analysis must be available for inspection.
- c) The permittee shall conduct formal stack testing within 60 days after the commencement of processing of oils that contain levels of any constituents above the levels listed under “operating limitations”, and the testing shall measure for these constituents. If the permittee can demonstrate to the Division’s satisfaction that the higher constituent levels will not result in emissions that violate Regulation 401 KAR 63:020, then the Division may waive this testing requirement.
- d) See General Condition G(d)(6).

4. Specific Monitoring Requirements:

- a) The permittee shall monitor the amount of used oil processed in the recycling plant each month and hours of operation.
- b) The permittee shall monitor the sulfur content of the used oil to be processed. This shall be accomplished through ASTM method testing (or other test methods approved by the Division of Air Quality) and/or obtaining the used oil sulfur content analysis from the vendor with each shipment. The frequency for determining sulfur content of the used oil shall be as follows:
 - 1) If the recycle plant is supplied its used oil from a bulk storage tank, the values shall be determined and recorded on each occasion that used oil is transferred to the storage tank from any other source.

SECTION B – EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

- 2) If the recycle plant is supplied its used oil without intermediate bulk storage, the values shall be determined and recorded daily.
- c) The following parameters of the Thermal Oxidizer shall be monitored:
 - 1) The thermal oxidizer combustion temperature shall be monitored.

- 2) The thermal oxidizer combustion temperature shall be maintained within the temperature range specified by the manufacturer except during startup and shutdown.
- 3) Performance Criteria:
 - i. A thermocouple shall be installed in accordance with the manufacturer's specifications and at a location that provides representative readings of the thermal oxidizer's combustion temperature.
 - ii. The thermocouple shall be operating in accordance with the manufacturer's specifications prior to start-up.
 - iii. Quality assurance checks, maintenance inspections, and calibrations shall be conducted in accordance with the manufacturer's specifications.
 - iv. The thermal oxidizer combustion temperature shall be monitored during operation at least once every 24 hours.

5. Specific Recordkeeping Requirements:

- a) Records, including those documenting the results of each compliance test and all other records and reports required by this permit, shall be maintained.
- b) Pursuant to Regulation 401 KAR 59:005, Section 3, the owner or operator of the unit shall maintain the records of the occurrence and duration of any startup, shutdown, or malfunction in the operation of the emissions unit, any malfunction of the air pollution control equipment; or any period during which a continuous monitoring system or monitoring device is inoperative.
- c) The permittee shall maintain records of levels of constituents listed under "operating limitations" of each used oil shipment received.
- d) The permittee shall calculate and record the tons of NO_x, CO and SO₂ on monthly basis and twelve month rolling total basis, using emission factors developed during initial stack test and hours of operation.

SECTION B – EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

6. Specific Reporting Requirements:

- a) The permittee shall submit notifications in accordance with the General Conditions in Sections F and G of this permit.
- b) The permittee shall submit to the Division a written report of the results of the initial performance tests in accordance with Section F of this permit.

- c) The permittee shall submit semi-annual monitoring reports in accordance with General Conditions 5 and 6 of Section F of this permit.
- d) The permittee shall notify the Division in writing within 15 days of receiving an oil shipment that contains constituents above the levels under “operating limitations”.

7. Specific Control Equipment Operating Conditions:

- a) The permittee shall operate the thermal oxidizer at all times when the recycle plant is in operation.
- b) The thermal oxidizer shall be operated and maintained in accordance with written procedures developed and maintained by the permittee.

SECTION B – EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

Emission Units 03-06 (DT1-4) – Four (4) 250,000 gallon No. 2 fuel oil storage tanks.

Emission Unit 07 (DT5) – One (1) 170,000 gallon No. 2 fuel oil storage tank

Emission Unit 08 (NT1) – One (1) 50,000 gallon naphtha storage tank.

0 Emission Units 09-14 (UT1-6) – Six (6) 250,000 gallon used oil storage tanks.

Emission Unit 15 (5T1) – One (1) 250,000 gallon No. 5 oil storage tank.

Description:

Volatile organic liquid storage tanks.

Date Constructed: 2003 (anticipated).

APPLICABLE REGULATIONS:

Regulation 401 KAR 60:005, 40 CFR 60, Subpart Kb, Standards of Performance for Volatile Organic Liquid Storage Vessels (Including Petroleum Liquid Storage Vessels) for Which Construction, Reconstruction, or Modification Commenced After July 23, 1984. Pursuant to 40 CFR 60.110b(c), all of the tanks are exempt from the General Provisions (40 CFR 60, Subpart A) and from the provisions of this subpart (40 CFR 60, Subpart Kb), except as specified in paragraphs (a) and (b) of 40 CFR 60.116b, because the vessels have a capacity greater than or equal to 151 m³ and store a liquid with a maximum true vapor pressure of less than 3.5 kPa.

NON-APPLICABLE REGULATIONS:

Regulation 401 KAR 59:050, New Storage Vessels for Petroleum liquids. Vessels store only Number 2 through Number 6 fuel oils.

1. Operating Limitations:

None

2. Emission Limitations:

None

3. Testing Requirements:

None

4. Specific Monitoring Requirements:

None

SECTION B – EMISSION POINTS, EMISSIONS UNITS, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

5. Specific Recordkeeping Requirements:

Pursuant to 40 CFR 60.116b(b), the owner or operator of each storage vessel as specified in 40 CFR 60.110b(a) shall keep readily accessible records showing the dimension of the storage vessel and an analysis showing the capacity of the storage vessel.

6. Specific Reporting Requirements:

None

7. Specific Control Equipment Operating Conditions:

None

SECTION C - INSIGNIFICANT ACTIVITIES

The following listed activities have been determined to be insignificant activities for this source pursuant to Regulation 401 KAR 52:020, Section 6. While these activities are designated as insignificant, the permittee must comply with the applicable regulation(s). Process and emission control equipment at each insignificant activity subject to a generally applicable regulation shall be inspected monthly and a qualitative visible emissions evaluation made. The results of the inspections and observations shall be recorded in a log, noting color, duration, density (heavy or light), cause and corrective actions taken for any abnormal visible emissions.

<u>Description</u>	<u>Generally Applicable Regulation</u>
1. Emergency diesel generator (<500 hp, <500 hr/yr)	None
2. Emergency diesel fire pump (<500 hp, <500 hr/yr)	None
3. Cooling towers	None
4. Diesel storage tanks (<10,567 gallon capacity)	None
5. Distillate oil-fired space heaters (< 2 MMBTU/hr, <0.5% fuel-sulfur)	None
6. Gas-fired space heaters (<1 MMBTU/hr)	None
7. Plant roads	Reg. 401 KAR 63:010

SECTION D – SOURCE EMISSION LIMITATIONS AND TESTING REQUIREMENTS

1. Nitrogen oxides, (NO_x), and carbon monoxide (CO), sulfur dioxide (SO₂), and hydrogen chloride (HCl) emissions, as measured by methods referenced in Regulation 401 KAR 50:015, Section 1, shall not exceed the respective limitations specified herein.
2. Pursuant to 401 KAR 52:020, Section 10, compliance with annual emissions and processing limitations contained in this permit shall be based on emissions and processing rates for any twelve (12) consecutive months.
3. After the initial CEM systems certification tests, continuing compliance with the emission standards shall be determined by the CEM systems for nitrogen oxides and carbon monoxide.
4. To preclude 401 KAR 51:017, consecutive twelve months emissions shall not exceed 95 ton for NO_x, CO, and SO₂. Compliance with the terms and conditions under Section B of this permit is demonstration of compliance with these annual emission limits.

Plant Emissions

<u>Emission Unit</u>	<u>NO_x</u> <u>(ton/yr)</u>	<u>CO</u> <u>(ton/yr)</u>	<u>SO₂</u> <u>(ton/yr)</u>
001 (CT1) – Combustion turbine	70	90	90
002 (RP1) – Used oil recycling plant	<u>21</u>	<u>4</u>	<u>2</u>
Subtotal	91	94	92
<u>Insignificant Activities</u>			
Emergency diesel generator	3.5	0.8	0.2
Emergency diesel fire pump	<u>1.6</u>	<u>0.3</u>	<u>0.1</u>
Subtotal	5.1	1.1	0.3
Total	96.1	95.1	92.3
<i>Permitted limits**</i>	95	95	95

Totals:** Limits set herein for this permit shall not exceed this value for each pollutant

5. The permittee shall monitor the hours of operation of the emergency diesel generator and emergency fire pump to ensure that the annual hours of operation of each unit do not exceed 500 hours per year.
6. The permittee shall install a CEM system for monitoring sulfur dioxide emissions from the combustion turbine (001) stack in accordance 40 CFR 75, as opposed to the fuel sulfur content and fuel use monitoring also allowed by 40 CFR 75, if the sulfur dioxide emission limit for the combustion turbine (001) increases to 95 tons per year, and below 100 tons per year based on a twelve month rolling total. The higher emission limit becomes effective upon the date of initial certification of the CEM system in accordance with 40 CFR 75.

SECTION E – SOURCE CONTROL EQUIPMENT REQUIREMENTS

Pursuant to 401 KAR 50:055, Section 2(5), at all times, including periods of startup, shutdown and malfunction, owners and operators shall, to the extent practicable, maintain and operate any affected facility including associated air pollution control equipment in a manner consistent with good air pollution control practice for minimizing emissions. Determination of whether acceptable operating and maintenance procedures are being used will be based on information available to the Division which may include, but is not limited to, monitoring results, opacity observations, review of operating and maintenance procedures, and inspection of the source.

SECTION F – MONITORING, RECORD KEEPING, AND REPORTING REQUIREMENTS

1. When continuing compliance is demonstrated by periodic testing or instrumental monitoring, the permittee shall compile records of required monitoring information that include:
 - a. Date, place as defined in this permit, and time of sampling or measurements.
 - b. Analyses performance dates;
 - c. Company or entity that performed analyses;
 - d. Analytical techniques or methods used;
 - e. Analyses results; and
 - f. Operating conditions during time of sampling or measurement;[Material incorporated by reference by 401 KAR 52:020, Section 1b (IV)1].
2. Records of all required monitoring data and support information, including calibrations, maintenance records, and original strip chart recordings, and copies of all reports required by the Division for Air Quality, shall be retained by the permittee for a period of five (5) years and shall be made available for inspection upon request by any duly authorized representative of the Division for Air Quality [Material incorporated by reference by 401 KAR 52:020, Sections 1b(IV) 2 and 1a(8)].
3. In accordance with the requirements of 401 KAR 52:020 Section 3(1)h, the permittee shall allow authorized representatives of the Cabinet to perform the following during reasonable times:
 - a. Enter upon the premises to inspect any facility, equipment (including air pollution control equipment), practice, or operation.
 - b. To access and copy any records required by the permit.
 - c. Inspect, at reasonable times, any facilities, equipment (including monitoring and pollution control equipment), practices, or operations required by the permit. Reasonable times are defined as during all hours of operation, during normal office hours; or during an emergency.
 - d. Sample or monitor, at reasonable times, substances or parameters to assure compliance with the permit or any applicable requirements.
 - e. Reasonable times are defined as during all hours of operation, during normal office hours; or during an emergency.
4. No person shall obstruct, hamper, or interfere with any Cabinet employee or authorized representative while in the process of carrying out official duties. Refusal of entry or access may constitute grounds for permit revocation and assessment of civil penalties.
5. Summary reports of any monitoring required by this permit, other than continuous emission or opacity monitors, shall be submitted to the Division's Hazard Regional Office at least every six (6) months during the life of this permit, unless otherwise stated in this permit. For emission units that were still under construction or which had not commenced operation at the end of the 6-month period covered by the report and are subject to monitoring requirements in this permit, the report shall indicate that no monitoring was performed during the previous six months because the emission unit was not in operation [Material incorporated by reference by 401 KAR 52:020, Section 1b (V) 1].

SECTION F – MONITORING, RECORD KEEPING, AND REPORTING REQUIREMENTS (CONTINUED)

6. The semi-annual reports are due prior to January 30th and July 30th of each year. Data from the continuous emission and opacity monitors shall be reported to the Technical Services Branch in accordance with the requirements of 401 KAR 59:005, General Provisions, Section 3(3). All reports shall be certified by a responsible official pursuant to 401 KAR 52:020 Section 23. All deviations from permit requirements shall be clearly identified in the reports.
7. In accordance with the provisions of 401 KAR 50:055, Section 1 the owner or operator shall notify the Regional Office listed on the front of the permit concerning startups, shutdowns, or malfunctions as follows:
 - a. When emissions during any planned shutdowns and ensuing startups will exceed the standards notification shall be made no later than three (3) days before the planned shutdown, or immediately following the decision to shut down, if the shutdown is due to events which could not have been foreseen three (3) days before the shutdown.
 - b. When emissions due to malfunctions, unplanned shutdowns and ensuing startups are or may be in excess of the standards notification shall be made as promptly as possible by telephone (or other electronic media) and shall cause written notice upon request.
8. The owner or operator shall report emission related exceedances from permit requirements including those attributed to upset conditions (other than emission exceedances covered by Section F.7. above) to the Regional Office listed in front of this permit within 30 days. Other deviations from permit requirements shall be included in the semiannual report required by Section F.6. [Material incorporated by reference by 401 KAR 52:020, Section 1b V 3, 4.]
9. Pursuant to 401 KAR 52:020, Permits, Section 21, the permittee shall certify compliance with the terms and conditions contained in this permit by completing and returning a Compliance Certification Form (DEP 7007CC) (or an alternative approved by the regional office) to the Regional Office listed on the front of this permit and the U.S. EPA in accordance with the following requirements:
 - a. Identification of the term or condition;
 - b. Compliance status of each term or condition of the permit;
 - c. Whether compliance was continuous or intermittent ;
 - d. The method used for determining the compliance status for the source, currently and over the reporting period;
 - e. For an emissions unit that was still under construction or which has not commenced operation at the end of the 12-month period covered by the annual compliance certification, the permittee shall indicate that the unit is under construction and that compliance with any applicable requirements will be demonstrated within the timeframes specified in the permit.

SECTION F – MONITORING, RECORD KEEPING, AND REPORTING REQUIREMENTS (CONTINUED)

- f. The certification shall be postmarked by January 30th of each year. Annual compliance certifications should be mailed to the following addresses:

Division for Air Quality
Hazard Regional Office
233 Birch Street
Hazard, KY 41701-2179

U.S. EPA Region 4
Air Enforcement Branch
Atlanta Federal Center
61 Forsyth Street
Atlanta, GA 30303-8960

Division for Air Quality
Central Files
803 Schenkel Lane
Frankfort, KY 40601

10. In accordance with 401 KAR 52:020, Section 22, the permittee shall provide the Division with all information necessary to determine its subject emissions within thirty (30) days of the date the KEIS emission report is mailed to the permittee.
11. Pursuant to Section VII.3 of the policy manual of the Division for Air Quality as referenced in 401 KAR 50:016, Section 1(1), results of performance test(s) required by the permit shall be submitted to the Division by the source or its representative within forty-five days after the completion of the fieldwork.

SECTION G – GENERAL PROVISIONS

(a) General Compliance Requirements

1. The permittee shall comply with all conditions of this permit. Noncompliance shall be a violation of 401 KAR 52:020 and of the Clean Air Act and is grounds for enforcement action including termination, revocation and reissuance, revision or denial of a permit [Material incorporated by reference by 401 KAR 52:020, Section 1a, 3].
2. The filing of a request by the permittee for any permit revision, revocation, reissuance, or termination, or of a notification of a planned change or anticipated noncompliance, shall not stay any permit condition [Material incorporated by reference by 401 KAR 52:020, Section 1a, 6].
3. This permit may be revised, revoked, reopened and reissued, or terminated for cause in accordance with 401 KAR 52:020, Section 19. The permit will be reopened for cause and revised accordingly under the following circumstances:
 - a. If additional requirements become applicable to the source and the remaining permit term is three (3) years or longer. In this case, the reopening shall be completed no later than eighteen (18) months after promulgation of the applicable requirement. A reopening shall not be required if compliance with the applicable requirement is not required until after the date on which the permit is due to expire, unless this permit or any of its terms and conditions have been extended pursuant to 401 KAR 52:020, Section 12;
 - b. The Cabinet or the U. S. EPA determines that the permit must be revised or revoked to assure compliance with the applicable requirements;
 - c. The Cabinet or the U. S. EPA determines that the permit contains a material mistake or that inaccurate statements were made in establishing the emissions standards or other terms or conditions of the permit;
 - d. If any additional applicable requirements of the Acid Rain Program become applicable to the source.

Proceedings to reopen and reissue a permit shall follow the same procedures as apply to initial permit issuance and shall affect only those parts of the permit for which cause to reopen exists. Reopenings shall be made as expeditiously as practicable. Reopenings shall not be initiated before a notice of intent to reopen is provided to the source by the Division, at least thirty (30) days in advance of the date the permit is to be reopened, except that the Division may provide a shorter time period in the case of an emergency.

4. The permittee shall furnish information upon request by the cabinet to determine if cause exists for modifying, revoking and reissuing, or terminating the permit; or compliance with the permit [Material incorporated by reference by 401 KAR 52:020, Section 1a, 7,8].

SECTION G – GENERAL PROVISIONS (CONTINUED)

5. The permittee, upon becoming aware that any relevant facts were omitted or incorrect information was submitted in the permit application, shall promptly submit such facts or corrected information to the permitting authority [Material incorporated by reference by 401 KAR 52:020, Section 7(1)].
6. Any condition or portion of this permit which becomes suspended or is ruled invalid as a result of any legal or other action shall not invalidate any other portion or condition of this permit [Material incorporated by reference by 401 KAR 52:020, Section 1a, 14].
7. The permittee shall not use as a defense in an enforcement action the contention that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance [Material incorporated by reference by 401 KAR 52:020, Section 1a, 4].
8. Except for requirements identified in this permit as state-origin requirements, all terms and conditions shall be enforceable by the United States Environmental Protection Agency and citizens of the United States [Material incorporated by reference by 401 KAR 52:020, Section 1a, 15)b].
9. This permit shall be subject to suspension if the permittee fails to pay all emissions fees within 90 days after the date of notice as specified in 401 KAR 50:038, Section 3(6). [Material incorporated by reference by 401 KAR 52:020, Section 1a, 10].
10. Nothing in this permit shall alter or affect the liability of the permittee for any violation of applicable requirements prior to or at the time of permit issuance [401 KAR 52:020, Section 11(3)(b)].
11. This permit does not convey property rights or exclusive privileges [Material incorporated by reference by 401 KAR 52:020, Section 1a, 9].
12. Issuance of this permit does not relieve the permittee from the responsibility of obtaining any other permits, licenses, or approvals required by the Kentucky Cabinet for Natural Resources and Environmental Protection or any other federal, state, or local agency.
13. Nothing in this permit shall alter or affect the authority of U.S. EPA to obtain information pursuant to Federal Statute 42 USC 7414, Inspections, monitoring, and entry [401 KAR 52:020, Section 11(3)(d)].
14. Nothing in this permit shall alter or affect the authority of U.S. EPA to impose emergency orders pursuant to Federal Statute 42 USC 7603, Emergency orders [401 KAR 52:020, Section 11(3)(a)].

SECTION G – GENERAL PROVISIONS (CONTINUED)

15. Pursuant to 401 KAR 52:020, Section 11, a permit shield shall not protect the owner or operator from enforcement actions for violating an applicable requirement prior to or at the time of permit issuance. Compliance with the conditions of a permit shall be considered compliance with:
 - a. Applicable requirements that are included and specifically identified in the permit and
 - b. Non-applicable requirements expressly identified in this permit.
16. Pursuant to Section VII 2(1) of the policy manual of the Division for Air Quality as referenced by Regulation 401 KAR 50:016, Section 1(1), at least one month prior to the date of the required performance test, the permittee shall complete and return a Compliance Test Protocol (Form DEP 6027) to the Division's Frankfort Central Office and the Division's Technical Services Branch. Pursuant to Regulation 401 KAR 50:045, Section 5, the Division shall be notified of the actual test date at least ten (10) days prior to the test.

(b) Permit Expiration and Reapplication Requirements

1. This permit shall remain in effect for a fixed term of five (5) years following the original date of issue. Permit expiration shall terminate the source's right to operate unless a timely and complete renewal application has been submitted to the Division at least six months prior to the expiration date of the permit. Upon a timely and complete submittal, the authorization to operate within the terms and conditions of this permit, including any permit shield, shall remain in effect beyond the expiration date, until the renewal permit is issued or denied by the Division [401 KAR 52:020, Section 12].
2. The authority to operate granted shall cease to apply if the source fails to submit additional information requested by the Division after the completeness determination has been made on any application, by whatever deadline the Division sets [401 KAR 52:020 Section 8(2)].

(c) Permit Revisions

1. A minor permit revision procedure may be used for permit revisions involving the use of economic incentive, marketable permit, emission trading, and other similar approaches, to the extent that these minor permit revision procedures are explicitly provided for in the SIP or in applicable requirements and meet the relevant requirements of 401 KAR 52:020, Section 14(2).
2. This permit is not transferable by the permittee. Future owners and operators shall obtain a new permit from the Division for Air Quality. The new permit may be processed as an administrative amendment if no other change in this permit is necessary, and provided that a written agreement containing a specific date for transfer of permit responsibility coverage and liability between the current and new permittee has been submitted to the permitting authority within ten (10) days following the transfer.

SECTION G – GENERAL PROVISIONS (CONTINUED)

(d) Construction, Start-Up, and Initial Compliance Demonstration Requirements

1. Construction of process and/or air pollution control equipment authorized by this permit shall be conducted and completed only in compliance with the conditions of this permit.
2. Pursuant to Regulation 59:005, Section 3, within thirty (30) days following completion and within fifteen (15) days following start-up and attainment of the maximum production rate specified in the permit application, or within fifteen (15) days following the issuance date of this permit, whichever is later, the permittee shall furnish to the Regional Office listed on the front of this permit in writing, with a copy to the Division's Frankfort Central Office, notification of the following:
 - a. The date when construction commenced.
 - b. The date of start-up of the affected facilities listed in this permit.
 - c. The date when the maximum production rate specified in the permit application was achieved.
3. Pursuant to Regulations 401 KAR 52:020, Section 3(2), and 401 KAR 51:017, Section 17(2), unless construction is commenced within eighteen (18) months after the permit is issued, or begins but is discontinued for a period of eighteen (18) months or is not completed within a reasonable timeframe then the construction and operating authority granted by this permit for those affected facilities for which construction was not completed shall immediately become invalid. Upon written request, the cabinet may extend these time periods if the source shows good cause.
4. For those affected facilities for which construction is authorized by this permit, a source shall be allowed to construct with the proposed permit. This permit does not grant operational or final permit approval until compliance with the applicable standards specified herein has been demonstrated pursuant to 401 KAR 50:055. If compliance is not demonstrated within the prescribed timeframe provided in 401 KAR 50:055, the source shall operate thereafter only for the purpose of demonstrating compliance, unless otherwise authorized by Section I of this permit or order of the cabinet.
5. This permit shall allow time for the initial start-up, operation, and compliance demonstration of the affected facilities listed herein. However, within sixty (60) days after achieving the maximum production rate at which the affected facilities will be operated but not later than 180 days after initial start-up of such facilities, the permittee shall conduct a performance demonstration (test) on the affected facilities in accordance with 401 KAR 50:055, General compliance requirements. These performance tests must also be conducted in accordance with General Provisions G(d)6 of this permit and the permittee must furnish to the Division for Air Quality's Frankfort Central Office a written report of the results of such performance test.

SECTION G – GENERAL PROVISIONS (CONTINUED)

6. Pursuant to Section VII 2.(1) of the policy manual of the Division for Air Quality as referenced by 401 KAR 50:016, Section 1.(1), at least one month prior to the date of the required performance test, the permittee shall complete and return a Compliance Test Protocol (Form DEP 6027) to the Division's Frankfort Central Office. Pursuant to 401 KAR 50:045, Section 5, the Division shall be notified of the actual test date at least ten (10) days prior to the test.

(e) Acid Rain Program Requirements

1. If an applicable requirement of Federal Statute 42 USC 7401 through 7671q (the Clean Air Act) is more stringent than an applicable requirement promulgated pursuant to Federal Statute 42 USC 7651 through 7651o (Title IV of the Act), both provisions shall apply, and both shall be state and federally enforceable.
2. The source shall comply with all requirements and conditions of the Title IV, Acid Rain Permit contained in Section J of this document and the Phase II permit application (including the Phase II NO_x compliance plan, if applicable) issued for this source. The source shall also comply with all requirements of any revised or future acid rain permit(s) issued to this source.

(f) Emergency Provisions

1. Pursuant to 401 KAR 52:020 Section 24(1), an emergency shall constitute an affirmative defense to an action brought for the noncompliance with the technology-based emission limitations if the permittee demonstrates through properly signed contemporaneous operating logs or relevant evidence that:
 - a. An emergency occurred and the permittee can identify the cause of the emergency;
 - b. The permitted facility was at the time being properly operated;
 - c. During an emergency, the permittee took all reasonable steps to minimize levels of emissions that exceeded the emissions standards or other requirements in the permit; and
 - d. Pursuant to 401 KAR 52:020, 401 KAR 50:055, and KRS 224.01-400, the permittee notified the Division as promptly as possible and submitted written notice of the emergency to the Division within two working days after the time when emission limitations were exceeded due to the emergency. The notice shall include a description of the emergency, steps taken to mitigate emissions, and corrective actions taken.
 - e. This requirement does not relieve the source from other local, state or federal notification requirements.
2. Emergency conditions listed in General Condition (f)1 above are in addition to any emergency or upset provision(s) contained in an applicable requirement [401 KAR 52:020, Section 24(3)].
3. In an enforcement proceeding, the permittee seeking to establish the occurrence of an emergency shall have the burden of proof [401 KAR 52:020, Section 24(2)].

SECTION G – GENERAL PROVISIONS (CONTINUED)

(g) Risk Management Provisions

1. The permittee shall comply with all applicable requirements of Regulation 401 KAR 68, Chemical Accident Prevention. If required, the permittee shall comply with the Risk Management Program and submit a Risk Management Plan to:

RMP Reporting Center
P.O. Box 3346
Merrifield, VA, 22116-3346

2. If requested, the permittee shall submit additional relevant information to the Division or the U.S. EPA.

(h) Ozone depleting substances

1. The permittee shall comply with the standards for recycling and emissions reduction pursuant to 40 CFR 82, Subpart F, except as provided for Motor Vehicle Air Conditioners (MVACs) in Subpart B:
 - a. Persons opening appliances for maintenance, service, repair, or disposal shall comply with the required practices contained in 40 CFR 82.156.
 - b. Equipment used during the maintenance, service, repair, or disposal of appliances shall comply with the standards for recycling and recovery equipment contained in 40 CFR 82.158.
 - c. Persons performing maintenance, service, repair, or disposal of appliances shall be certified by an approved technician certification program pursuant to 40 CFR 82.161.
 - d. Persons disposing of small appliances, MVACs, and MVAC-like appliances (as defined at 40 CFR 82.152) shall comply with the recordkeeping requirements pursuant to 40 CFR 82.166.
 - e. Persons owning commercial or industrial process refrigeration equipment shall comply with the leak repair requirements pursuant to 40 CFR 82.156.
 - f. Owners/operators of appliances normally containing 50 or more pounds of refrigerant shall keep records of refrigerant purchased and added to such appliances pursuant to 40 CFR 82.166.
2. If the permittee performs service on motor (fleet) vehicle air conditioners containing ozone-depleting substances, the source shall comply with all applicable requirements as specified in 40 CFR 82, Subpart B, Servicing of Motor Vehicle Air Conditioners.

SECTION H – ALTERNATING OPERATING SCENARIOS
NA

SECTION I – COMPLIANCE SCHEDULE
NA

SECTION J – ACID RAIN

ACID RAIN PERMIT CONTENTS

- 1) Statement of Basis
- 2) SO₂ allowances allocated under this permit and NO_x requirements for each affected unit.
- 3) Comments, notes and justifications regarding permit decisions and changes made to the permit application forms during the review process, and any additional requirements or conditions.
- 4) The permit application submitted for this source. The owners and operators of the source must comply with the standard requirements and special provisions set forth in the Phase II Application.
- 5) Summary of Actions

1. Statement of Basis:

Statutory and Regulatory Authorities: In accordance with KRS 224.10-100 and Titles IV and V of the Clean Air Act, the Kentucky Natural Resources and Environmental Protection Cabinet, Division for Air Quality issues this permit pursuant to Regulations 401 KAR 52:020, Permits, 401 KAR 52:060, Acid Rain Permit, and Federal Regulation 40 CFR Part 76.

SECTION J – ACID RAIN (CONTINUED)**PERMIT (Conditions)**

Plant Name: Kentucky Energy Project, LLC
Affected Unit: TB1 (CT1/HRSG)

2. SO₂ Allowance Allocations and NO_x Requirements for the affected unit:

SO₂ Allowances	Year				
	2003	2004	2005	2006	2007
Tables 2, 3 or 4 of 40 CFR Part 73	0*	0*	0*	0*	0*

NO_x Requirements	
NO_x Limits	N/A**

* For newly-constructed units there are no SO₂ allowance allocations per U.S. EPA Acid Rain Program.

** This unit currently does not have applicable NO_x limits set by 40 CFR Part 76.

SECTION J – ACID RAIN (CONTINUED)

3. Comments, Notes, and Justifications:

The combustion turbine, Unit TB1, will be constructed after the SO₂ allocation date; therefore these unit will have no SO₂ allowances allocated by U.S. EPA and must obtain allowances.

The combustion turbine, Unit TB1, does not have applicable NO_x limits set by 40 CFR Part 76.

4. Permit Application: Attached

The Phase II Permit Application is a part of this permit and the source must comply with the standard requirements and special provisions set forth in the Phase II Application.

5. Summary of Actions:

Previous Action:

Draft Phase II Permit was proposed for public comment.

Present Action:

Final permit issued on the date indicated on the front page.